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TAGS: [ECON](#) [ETRD](#) [PREL](#) [EAGR](#) [WTRO](#) [AJ](#)
SUBJECT: AZERBAIJANI MFA READOUT ON MAY WTO WORKING PARTY
MEETING

REF: STATE 51516

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¶1. (SBU) Summary: Deputy Foreign Minister Mammadgulyev provided a positive assessment of Azerbaijan's May WTO Working Party meeting and bilateral negotiations with the U.S. Azerbaijan plans to complete concordance within the next two months and hopes to complete its WTO Action Plan and submit responses to questions by the end of the year. Mammadgulyev hopes to hold another Working Party Meeting in the first quarter of 2009. Although Mammadgulyev reiterated long-standing GOAJ policy regarding the protection of certain agriculture sectors, he agreed to provide a list of specific sensitive goods in the question/answer process. Mammadgulyev insisted that certain strategic sectors - energy, financial services and communications - must be protected to prevent neighboring countries from gaining inappropriate influence and access. Per reftel, we underscored the need for significantly improved market access offers. End summary.

WORKING PARTY MEETING

¶2. (U) In a May 21 meeting, Deputy Foreign Minister Mahmud Mammadgulyev provided a positive assessment of the Working Party meeting. He noted that the GOAJ had brought a team of experts from key line Ministries that provided more detailed information on Azerbaijan's positions; he hopes that the more detailed presentations will result in fewer questions than in previous rounds. Mammadgulyev said the GOAJ understood the need to complete concordance as soon as possible and planned to do so "in the next two months." He also said that the GOAJ had submitted an updated schedule for its WTO action plan. The GOAJ plans to complete the ten outstanding pieces of legislation by the end of this year, and also hopes to respond to questions by the end of this year. Mammadgulyev acknowledged that another Working Party meeting this year would be unrealistic but hopes to hold another meeting in the first quarter of 2009. He hinted that he hoped the 2009 Working Party meeting would be the last one required, commenting "this should be the final point."

BILATERAL NEGOTIATIONS

¶3. (U) Mammadgulyev also was positive about the bilateral market access discussions with the United States. Mammadgulyev characterized the meeting's atmospherics as "very positive" and said he felt the U.S. negotiators had a better understanding of GOAJ perspectives on key goods and

services issues. He reiterated the GOAJ's long-standing policy that it must protect certain sensitive sectors - particularly in agriculture - in order to promote the diversification of Azerbaijan's heavily energy-dependent economy and support rural development goals, and also stated that Azerbaijan hopes to accede with developing country status for certain agricultural sectors. When Pol/Econ Chief noted that the U.S. urged Azerbaijan to narrow the list of sensitive sectors to key product-specific sensitivities, Mammadgulyev said he had agreed during the bilateral negotiations to provide a concrete list of specific, sensitive goods and hoped to continue this discussion during the question/answer process.

¶4. (SBU) In response to U.S. concerns about services market access, Mammadgulyev said that the GOAJ "took on some of your requests." However, he expressed concern that open market access in strategic sectors such as energy, financial services, and communications could allow neighboring countries (Russia and Iran) inappropriate access and influence in Azerbaijan. "You know who I mean," he added with a knowing look. "These sectors are very strategic and we can't open them." When Pol/Econ Chief responded that these are priority sectors for the U.S. and will be important for a bilateral market access agreement, Mammadgulyev said the GOAJ is revising its list of sensitive goods. He added that he hoped the U.S. and Azerbaijan could address this issue in bilateral negotiations in Washington, as the GOAJ has found negotiations in capitals to be more effective. Per reftel, Pol/Econ Chief underscored that Azerbaijan needed to submit significantly improved market access offers in order for negotiations to advance.

COMMENT

¶5. (SBU) Mammadgulyev's positive assessment of the Working Party meeting and our bilateral negotiations does not reflect the serious market access issues that must be addressed for both the Working Party and our bilateral negotiations to proceed. However, he is extremely open to further questions, requests, and information from the U.S., and stressed that he hopes many of the outstanding issues can be addressed through the question/answer process. Mammadgulyev will be part of the Azerbaijani delegation to the bilateral Economic Partnership Commission meeting; his visit to Washington could be a good opportunity for further discussions on market access issues.

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